

### **JUDICIARY BUDGET CUTS – LOCAL ASSISTANCE PROGRAMS**

Governor Davis's release last Wednesday, May 14, of his ["May Revision" budget](#) calls for additional reductions in funding for the judiciary branch, including \$17.7 million in unallocated General Fund reductions to the budgets of the state appellate courts and the Judicial Council.

In addition, the governor also proposed reductions to several court-related local assistance programs that have had considerable success and active participation by members of the Bar since their implementation. Specifically, he has proposed reduced funding for the following programs:

- \$2.75 million (29%) reduction to the Equal Access Fund.
- \$1 million reduction to provide for a one-year discontinuance of the California Drug Courts Projects.
- \$192,000 (10%) reduction to the Court Appointed Special Advocate (CASA) Program.
- \$83,000 (10%) reduction to the Model Self-Help Program.
- \$30,000 (10%) reduction to the Family Law Information Centers.

It is too early to gauge the Legislature's response to the proposed reductions. However, the drug court projects and the CASA program have enjoyed substantial support among legislators. Of course, given the state's current fiscal crisis – the governor now pegs the deficit at \$38 billion – legislators will almost certainly have to accede to reductions they would otherwise strongly oppose.

### **BALANCED BUDGET NOT REQUIRED**

The media and many elected officials often maintain that California must have a balanced budget, but it is interesting to note that the California constitution does not require the state to have a balanced budget. The constitution states that the budget must be introduced within the first ten days of each calendar year and if the recommended expenditures exceed estimated revenues, "the Governor shall recommend the sources from which the additional revenues should be provided." (Article 4, Sec. 12(a)).

Although California has often borrowed money in the past to finance deficits, generally the borrowed money was for a short period - up to two years through the 1990s. However, for this year's massive

deficit, the state will probably be borrowing up to \$11 billion that could take up to seven years to pay off.

### **SENATE JUDICIARY COMMITTEE APPROVES 2<sup>ND</sup> PART OF \$17200 PACKAGE**

The Senate Judiciary Committee approved the second half of a two-bill package sponsored by consumer organizations to revise the state's Unfair Competition Law (B&P §17200 et seq.) at a Tuesday hearing that was as civil as its Assembly counterpart the week before was contentious.

Approved by the committee on a 5-2 vote was [SB 122](#), authored by committee Chair [Martha Escutia](#) (D-Whittier), which would require court review and approval of attorneys fees in any settlements under such suits (or resulting from a pre-filing demand letter), and would make disgorgement an appropriate remedy in UCL cases.

Escutia's measure is linked to [AB 95](#) by Assembly Judiciary Committee Chair [Ellen Corbett](#) (D-San Leandro), which would require persons bringing private actions under the UCL to alert defendants of their legal rights under the law and clarify conditions under which defendants can be joined. Neither bill will take effect unless the other is signed into law.

The Senate Judiciary Committee also rejected a trio of UCL revision bills authored by Senate Republicans: [SB 889](#) and [SB 890](#) by Senator [Ross Johnson](#) (R-Irvine), and [SB 912](#) by Senator [Dick Ackerman](#) (R-Tustin).

### **STATE BAR FEE BILL APPROVED BY ASSEMBLY**

The State Bar's Fee Bill, [AB 1708](#) (Assembly Judiciary Committee), was approved by the full Assembly on Monday, May 9, on a bipartisan vote of 55-19. The bill now goes to the Senate for consideration.

AB 1708 would extend for one year (2004) the State Bar's authority to assess the state's attorneys a \$310 general membership fee, the largest part of the \$390 in annual fees the Bar may charge.

The bill also would strengthen the State Bar's ability to recoup disciplinary costs and Client Security Fund payments from lawyers engaged in misconduct, and makes a number of cleanup and corrective changes to the State Bar Act.